

This Order constitutes the Commission's decision regarding the issues raised by the Companies' Applications.

BACKGROUND

In 1997 the Legislature enacted Chapter 403, Session Laws of Idaho 1997, pp. 1279-1281, creating *Idaho Code* §§ 61-338 and 61-339. Under these sections, electric suppliers in the state of Idaho with over 1,000 customers were required to file unbundled cost information with the Commission. The Legislature determined that such cost information shall be separated among utility functions consisting, at a minimum, of generation, transmission and distribution services and including other categories as the Commission may require.

In response to *Idaho Code* §§ 61-338 and 61-339 the Commission commenced Case No. GNR-E-97-1, which ultimately provided for the method and manner by which these cost reports would be compiled and submitted. *See* Order No. 27211. As an outgrowth of Case No. GNR-E-97-1, the Commission instituted three separate proceedings for Idaho Power Company, Avista Utilities and PacifiCorp. *See* Case Nos. IPC-E-98-2, UPL-E-98-1 and WWP-E-98-1. The Commission in the final Orders in these cases required that the Companies submit cost reports with updated cost information on or before July 1 of every year. *See* Order Nos. 27676, 27678 and 27679.

Idaho Code §§ 61-338 and 61-339 as enacted provided that these sections would become null and void and of no force and effect on and after January 1, 1999. Accordingly, these Companies have requested that the Commission authorize them to discontinue the filing of their annual cost reports. The Companies contend that preparation of these cost reports is time consuming and that the reports are of little value to the Commission's regulatory process. The Companies submit that it is in the public interest to permit them to discontinue the filing of this report. In the event that the Commission does not grant the Companies' requests, PacifiCorp asks that the Commission extend the annual filing date for this report until October 1 of each year.

STAFF RECOMMENDATION

Staff contended that unbundled cost reports continue to have value because there is still substantial interest in retail choice on the federal level. Furthermore, Staff stated that unbundled cost information provides insight into cost differences that exist among utilities. Accordingly, Staff recommended that the Commission continue to require the Companies to file these reports. However, recognizing that costs change relatively slowly, Staff recommended that the Commission require the Companies to file their reports every other year instead of yearly as is currently required, with the first filing due July 1, 2002.

Staff also recommended making two modifications to the report form. First, Staff recommended that unbundled cost information should be reported by customer class as identified in each utility's cost of service study rather than by delivery voltage level. Second, it should be reported at actual earned rate of return and not adjusted to authorized return levels. In addition, Staff also recommended that the actual earned rate of return for each customer class should be reported. Staff contended that these changes will allow for better comparisons between unbundled cost information and customer rates, and also will standardize rate of return assumptions for reporting purposes.

REPLY COMMENTS

Avista Corporation

Avista states that historically the Commission has treated consistently jurisdictional utilities with regard to the filing of unbundled cost reports. Specifically, whatever was required of one Company was also required of the others. Avista expressed its support for the arguments made by Idaho Power and PacifiCorp for discontinuing the filing of this report. Additionally, Avista stated that the requirement to update these reports annually is "somewhat administratively burdensome with no clear benefit evident from the exercise." Avista Comments at p. 2. Accordingly, Avista requests that it be allowed to discontinue the filing of this report.

Idaho Power Company

Idaho Power states that the legislation requiring the filing of this report has expired and deregulation is a dead issue in this state. Accordingly, until the Legislature chooses to re-enact this provision, the Company contends that the filing of this report at best will only obtain incomplete

data. Accordingly, Idaho Power requests that the Commission allow it to discontinue the filing of this report.

If the Commission continues to require the filing of this report Idaho Power contends that it should remain confidential and not be released to third parties as dissemination of this information could be detrimental to both Idaho Power and its retail customers. Idaho Power also suggests that if the report must be filed that it be filed every five years or alternatively, only when the Commission requests it as costs change relatively slowly. Finally, Idaho Power does not believe that Staff's recommended modifications to the report will improve its usefulness.

COMMISSION FINDINGS

After reviewing these Applications, the written comments, and the purposes for which cost reports are filed the Commission finds that the companies shall continue to be required to file these reports with the Commission. The Commission finds that these reports contain valuable information and provide insight into the costs that each of the Companies incurs and the differences that exist among them.

Turning to Idaho Power's request that the filing of this report remain confidential, the Commission finds that its existing Rules of Procedure provide appropriate procedures for protection for trade secret information that may be contained in the materials submitted to the Commission. *See* IDAPA 31.01.01.067.03.

Because these costs have historically changed relatively slowly, the Commission finds that the companies' cost reports shall be filed every other year, rather than annually, with the next filing to occur on or before July 1, 2002.

The Commission finds that the companies shall not be required to modify the report form to report unbundled cost information by customer class instead of by voltage level. However, the Commission does find that the companies shall report unbundled cost information at the actual earned rate of return and not adjusted to authorized return levels. The Commission also finds that the actual earned rate of return for each customer class shall be reported.

ORDER

IT IS HEREBY ORDERED that the Applications filed by Idaho Power, Avista and PacifiCorp requesting that the Commission order the discontinuance of the filing of the unbundled cost information report are denied.

IT IS FURTHER ORDERED that the Commission shall require Idaho Power, Avista and PacifiCorp to continue to file this report with it on an every other year basis, with the first report to be filed on or before July 1, 2002.

IT IS FURTHER ORDERED that the companies' cost reports, when filed, shall contain the actual earned rate of return not adjusted to authorized return levels and the actual earned rate of return for each customer class.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of August 2001.

PAUL KJELLANDER, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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